

ASIAN INFRASTRUCTURE INVESTMENT BANK

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017
(UNAUDITED)

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ASIAN INFRASTRUCTURE INVESTMENT BANK
Condensed Statement of Comprehensive Income
For the nine months ended September 30, 2017 (unaudited)

<i>In thousands of US Dollars</i>	Note	For the period from July 1, 2017 to September 30, 2017 (unaudited)	For the period from January 1, 2017 to September 30, 2017 (unaudited)	For the period from July 1, 2016 to September 30, 2016 (unaudited)	For the period from January 16, 2016 to September 30, 2016 (unaudited)
Interest income		34,612	86,932	6,485	15,442
Interest expense		-	-	-	-
Net interest income		34,612	86,932	6,485	15,442
Net fee and commission expense		(576)	(585)	-	-
Unrealized gain on investment at fair value through profit or loss	4	18,897	46,063	9,000	20,000
Impairment provision	5	(932)	(4,163)	-	-
General and administrative expenses		(14,302)	(37,289)	(8,451)	(19,028)
Net foreign exchange loss		(21)	(78)	(8)	(28)
Operating profit for the period		37,678	90,880	7,026	16,386
Accretion of paid-in capital receivables	6	30,555	110,419	43,763	115,179
Net profit for the period		68,233	201,299	50,789	131,565
Other comprehensive income		-	-	-	-
Total comprehensive income		68,233	201,299	50,789	131,565
Attributable to:					
Equity holders of the Bank		68,233	201,299	50,789	131,565

The accompanying notes are an integral part of these condensed interim financial statements.

ASIAN INFRASTRUCTURE INVESTMENT BANK
Condensed Statement of Financial Position
As at September 30, 2017 (unaudited)

<i>In thousands of US Dollars</i>	Note	September 30, 2017 (unaudited)	December 31, 2016 (audited)
Assets			
Cash and cash equivalents		142,984	1,281,992
Term deposits		5,071,660	2,292,141
Investment at fair value through profit or loss	4	3,225,936	3,179,873
Funds deposited for co-financing arrangements		9,577	23,623
Loan investments, at amortized cost	5	637,847	9,553
Paid-in capital receivables	6	9,431,965	11,007,227
Intangible assets under construction		541	-
Other assets		1,793	958
Total assets		18,522,303	17,795,367
Liabilities			
Prepaid paid-in capital		3,460	-
Other liabilities		6,494	5,538
Total liabilities		9,954	5,538
Members' equity			
Paid-in capital	7	18,598,700	18,065,400
Reserve for accretion of paid-in capital receivables		(184,528)	(282,868)
Retained earnings		98,177	7,297
Total members' equity		18,512,349	17,789,829
Total liabilities and members' equity		18,522,303	17,795,367

The accompanying notes are an integral part of these condensed interim financial statements.

ASIAN INFRASTRUCTURE INVESTMENT BANK
Condensed Statement of Changes in Equity
For the nine months ended September 30, 2017 (unaudited)

<i>In thousands of US Dollars</i>	Note	Subscribed capital	Less: callable capital	Paid-in capital	Reserve for accretion of paid-in capital receivables	Retained earnings	Total equity
January 16, 2016		-	-	-	-	-	-
Capital subscription and contribution		89,128,100	(71,302,500)	17,825,600	-	-	17,825,600
Net profit for the period		-	-	-	-	131,565	131,565
Paid-in capital receivables - accretion effect		-	-	-	(438,943)	-	(438,943)
Transfer of accretion		-	-	-	115,179	(115,179)	-
September 30, 2016		89,128,100	(71,302,500)	17,825,600	(323,764)	16,386	17,518,222
January 1, 2017		90,327,000	(72,261,600)	18,065,400	(282,868)	7,297	17,789,829
Capital subscription and contribution		2,666,200	(2,132,900)	533,300	-	-	533,300
Net profit for the period		-	-	-	-	201,299	201,299
Paid-in capital receivables - accretion effect		-	-	-	(12,079)	-	(12,079)
Transfer of accretion	6	-	-	-	110,419	(110,419)	-
September 30, 2017	7	92,993,200	(74,394,500)	18,598,700	(184,528)	98,177	18,512,349

The accompanying notes are an integral part of these condensed interim financial statements.

ASIAN INFRASTRUCTURE INVESTMENT BANK
Condensed Statement of Cash Flows
For the nine months ended September 30, 2017 (unaudited)

<i>In thousands of US Dollars</i>	Note	For the period from January 1, 2017 to September 30, 2017 (unaudited)	For the period from January 16, 2016 to September 30, 2016 (unaudited)
Cash flows from operating activities			
Net profit for the period		201,299	131,565
Adjustments for:			
Interest income from term deposits		(73,855)	(12,519)
Accrued interest on funds deposited for co-financing arrangements		(148)	-
Accretion of paid-in capital receivables	6	(110,419)	(115,179)
Unrealized gain on investment at fair value through profit or loss	4	(46,063)	(20,000)
Impairment provision	5	4,163	-
Depreciation and amortization		41	-
Increase in loan disbursements	5	(633,048)	(250)
Decrease/(Increase) in other assets		13,606	(33,956)
Increase in other liabilities		956	2,017
Net cash used in operating activities		(643,468)	(48,322)
Cash flows from investing activities			
Investment purchases		-	(3,165,000)
Increase in term deposits		(2,705,664)	(1,548,968)
Intangible assets		(70)	-
Property improvements		(168)	-
Net cash used in investing activities		(2,705,902)	(4,713,968)
Cash flows from financing activities			
Capital contributions received		2,210,362	4,798,572
Net cash flows from financing activities		2,210,362	4,798,572
Net decrease/(increase) in cash and cash equivalents		(1,139,008)	36,282
Cash and cash equivalents at beginning of period		1,281,992	-
Cash and cash equivalents at end of period		142,984	36,282

The accompanying notes are an integral part of these condensed interim financial statements.

ASIAN INFRASTRUCTURE INVESTMENT BANK
Notes to Condensed Interim Financial Statements
For the nine months ended September 30, 2017 (unaudited)
(All amounts in thousands of US Dollars unless otherwise stated)

1 GENERAL INFORMATION

The Asian Infrastructure Investment Bank (the “Bank” or “AIIB”) is a multilateral development bank. In June 2015, representatives from 57 members signed the Articles of Agreement (the “AOA”), which is the international treaty under which the Bank was formed. The AOA entered into force on December 25, 2015. The Bank commenced operations on January 16, 2016. The principal office of the Bank is located in Beijing, the People’s Republic of China (the “PRC”).

During the first nine months of 2017, the Bank has approved 23 new membership applications. As at September 30, 2017, the Bank’s total approved membership is 80, of which 56 have completed the membership process and have become members of the Bank in accordance with the AOA.

The purpose of the Bank is to foster sustainable economic development, create wealth, and improve infrastructure connectivity in Asia by investing in infrastructure and other productive sectors. It will also promote regional cooperation and partnership in addressing development challenges by working in close collaboration with other multilateral and bilateral development institutions.

The legal status, privileges, and immunities for the operation and functioning of the Bank in the PRC are agreed in the AOA and further defined by the Headquarters Agreement between the government of the PRC and the Bank, dated January 16, 2016.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These condensed interim financial statements for the nine months ended September 30, 2017 have been prepared in accordance with International Financial Reporting Standard: IAS 34 *Interim Financial Reporting*.

2.2 Financial statement preparation

These condensed interim financial statements have been prepared in accordance with the same accounting policies adopted in the Bank’s audited financial statements for the period from January 16, 2016 (date of commencement of operations) to December 31, 2016.

3 COMPARATIVES

These condensed interim financial statements have been prepared with a comparative period from January 16, 2016 to September 30, 2016.

ASIAN INFRASTRUCTURE INVESTMENT BANK
Notes to Condensed Interim Financial Statements
For the nine months ended September 30, 2017 (unaudited)
(All amounts in thousands of US Dollars unless otherwise stated)

4 INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

	For the period from January 1, 2017 to September 30, 2017	For the period from January 16, 2016 to December 31, 2016
As at beginning of period	3,179,873	-
Investment	-	3,165,000
Unrealized fair value gain, net	46,063	14,873
	<u>3,225,936</u>	<u>3,179,873</u>

5 LOAN INVESTMENTS, AT AMORTIZED COST

	For the period from January 1, 2017 to September 30, 2017			For the period from January 16, 2016 to December 31, 2016		
	Sovereign	Non- sovereign	Total amount	Sovereign	Non- sovereign	Total amount
As at beginning of period	9,830	-	9,830	-	-	-
Disbursements	623,836	9,212	633,048	9,695	-	9,695
Repayments and prepayments	-	-	-	-	-	-
Movement in net deferral of related incremental direct costs	(780)	189	(591)	135	-	135
Loan investment, gross	<u>632,886</u>	<u>9,401</u>	<u>642,287</u>	<u>9,830</u>	<u>-</u>	<u>9,830</u>
12-month expected credit loss allowance ⁽¹⁾	(3,871)	(569)	(4,440)	(277)	-	(277)
Loan investment, net	<u>629,015</u>	<u>8,832</u>	<u>637,847</u>	<u>9,553</u>	<u>-</u>	<u>9,553</u>

⁽¹⁾ 12-month expected credit loss allowance is calculated on the basis of committed and disbursed loan amounts as at September 30, 2017. Total loan commitments as at September 30, 2017 were USD1,336.26 million.

6 PAID-IN CAPITAL RECEIVABLES

	For the period from January 1, 2017 to September 30, 2017	For the period from January 16, 2016 to December 31, 2016
As at beginning of period	11,007,227	-
Paid-in capital receivables originated	521,221	17,622,469
Contributions received	(2,206,902)	(6,775,305)
Accretion to the profit or loss	110,419	160,063
Carrying amount	<u>9,431,965</u>	<u>11,007,227</u>

As at September 30, 2017, there were no overdue paid-in capital receivables (December 31, 2016: contractual undiscounted paid-in capital receivable overdue were USD433.80 million).

ASIAN INFRASTRUCTURE INVESTMENT BANK
Notes to Condensed Interim Financial Statements
For the nine months ended September 30, 2017 (unaudited)
(All amounts in thousands of US Dollars unless otherwise stated)

7 SHARE CAPITAL

	September 30, 2017	December 31, 2016
Authorized capital	100,000,000	100,000,000
- Allocated		
- Subscribed	92,993,200	90,327,000
- Unsubscribed	5,215,400	7,824,400
- Unallocated	1,791,400	1,848,600
Total authorized capital	<u>100,000,000</u>	<u>100,000,000</u>
Subscribed capital	92,993,200	90,327,000
Less: callable capital	(74,394,500)	(72,261,600)
Paid-in capital	<u>18,598,700</u>	<u>18,065,400</u>
Paid-in capital comprises		
- Amounts received	8,982,207	6,775,305
- Amounts due but not yet received	-	433,795
- Amounts not yet due	9,616,493	10,856,300
Total paid-in capital	<u>18,598,700</u>	<u>18,065,400</u>

8 FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below summarizes the carrying amounts and fair values of those financial assets and financial liabilities not measured on the condensed statement of financial position at their fair values as at September 30, 2017:

	Carrying amount	Fair value
Financial assets		
Cash and cash equivalents	142,984	142,984
Term deposits	5,071,660	5,071,594
Funds deposited for co-financing arrangements	9,577	9,577
Loan investments	637,847	639,304
Paid-in capital receivables	9,431,965	9,363,079
Financial liabilities		
Other liabilities	6,494	6,494

As at September 30, 2017, the Bank's balance of those financial assets and liabilities not measured at fair value but with short-term maturity approximate their fair values.

Fair value of loan investments and paid-in capital receivables measured at amortized cost were calculated using Level 3 inputs by discounting the cash flows at a current interest rate applicable to each loan and paid-in capital receivables.

The Bank's financial asset measured at fair value on the condensed interim financial statements is as follows. This fair value was calculated using Level 2 inputs.

September 30, 2017	Level 1	Level 2	Level 3	Total
Assets				
Investment at fair value through profit or loss	-	3,225,936	-	3,225,936
Total	-	3,225,936	-	3,225,936
December 31, 2016	Level 1	Level 2	Level 3	Total
Assets				
Investment at fair value through profit or loss	-	3,179,873	-	3,179,873
Total	-	3,179,873	-	3,179,873

The Bank has no financial liabilities measured at fair value on the condensed interim financial statements as at September 30, 2017 and December 31, 2016.